

RISING LAND COSTS IMPACT NORTH WEST GROWTH CENTRE

10am, 31 March 2015

Increasing land values in the North West Growth Centre are impacting the cost of providing local infrastructure to new residential areas in the Riverstone and Alex Avenue precincts.

The Independent Pricing and Regulatory Tribunal (IPART) has today released its assessment of Blacktown City Council's revised costs associated with the development of the 1,295 hectare site. IPART acknowledged the increasing costs, but scaled back the Council's proposed increases by \$9 million or 1%, to \$877 million.

This is the second time IPART has assessed Blacktown City Council's draft Section 94 Contributions Plan for the Riverstone and Alex Avenue precincts. The 2011 plan was updated and exhibited by Council in late 2014.

Section 94 contributions are payments by developers to councils that are used to fund local infrastructure for new development areas. IPART reviews the content of certain contributions plans if the planned development contributions exceed the State Government cap of \$30,000 per dwelling or residential site in Greenfield areas, or \$20,000 in all other areas.

IPART assessed that increased costs over the past four years have driven the maximum contributions rate per residential lot up from \$69,190 in 2010 to \$83,109 in 2014. Most of the increase is due to higher land costs - totalling \$117 million. Now that the plan has been reviewed, council is able to seek funding for costs beyond the allowed cap through the Local Infrastructure Growth Scheme or a special rates variation application to IPART in the future.

IPART found that while most of the proposed costs and changes in the plan are reasonable, there is scope to reduce cost estimates.

Chairperson of IPART's Local Government Committee, Catherine Jones, said the assessment reinforces IPART's findings from previous reviews that the cost of providing infrastructure in North West Sydney is significant and is well above the caps.

"The total cost of local infrastructure to accommodate the 15,000 residents forecast to live at Riverstone and Alex Avenue is \$886 million according to the plan submitted by council," Ms Jones said.

"Of this cost, approximately 41% is for land, 58% is for the construction of facilities, and 1% is for plan preparation and administration costs. Nearly 56% of the total cost of land and facilities is for local stormwater management infrastructure servicing the two precincts."

A full copy of IPART's assessment is available at ipart.nsw.gov.au. The Minister for Planning will consider IPART's recommendations and may ask council to amend the plan prior to its adoption.

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